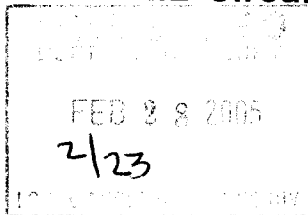


City of Southfield

Schedule of Expenditures of Federal Award
Programs in Accordance with OMB Circular A-133
June 30, 2004



63-2200

City of Southfield
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June 30, 2004

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**Report of Independent Auditors Report on General-Purpose
Financial Statements and Supplementary Schedule
of Expenditures of Federal Awards**

Honorable Mayor and Members of City Council
City of Southfield, Michigan

In our opinion, the accompanying general-purpose financial statements as listed in the index present fairly, in all material respects, the financial position of the City of Southfield, at June 30, 2004 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. These general-purpose financial statements are the responsibility of the City's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the general-purpose financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion expressed above.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2004 on our consideration of the City of Southfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 30, 2004

**Report of Independent Auditors on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with Government Auditing Standards**

Honorable Mayor and Members of City Council
City of Southfield, Michigan

We have audited the financial statements of the City of Southfield as of and for the year ended June 30, 2004, and have issued our report thereon dated December 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Southfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Southfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City of Southfield's city council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

December 30, 2004

**Report of Independent Auditors on Compliance with Requirements
Applicable to each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and Members of City Council
City of Southfield, Michigan

Compliance

We have audited the compliance of the City of Southfield with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City of Southfield's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Southfield's management. Our responsibility is to express an opinion on the City of Southfield's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Southfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Southfield's compliance with those requirements.

In our opinion, the City of Southfield complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the City of Southfield is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Southfield's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City of Southfield's city council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

December 30, 2004

City of Southfield
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

	Grant Award Number	Federal CFDA Number	Current-Year Federal Expenditures
Federal grant funds distributed directly to the City of Southfield, Michigan			
U.S. Department of Housing and Urban Development			
Community Development Block Grants			
SHIP (Southfield Home Improvement Program) and other income		14.218 *	\$ 363,175
1999 Entitlement	B-99-MC-260012	14.218 *	9,135
2001 Entitlement	B-01-MC-260012	14.218 *	12,418
2002 Entitlement	B-02-MC-260012	14.218 *	138,575
2003 Entitlement	B-03-MC-260012	14.218 *	15,804
2004 Entitlement	B-03-MC-260012	14.218 *	573,168
Section 8 Housing Choice Vouchers Program	MI097V00005	14.871 *	1,129,889
Total U.S. Department of Housing and Urban Development			<u>2,242,164</u>
U.S. Department of Health and Human Services			
Michigan Works			
Passed through Oakland County Private Industrial Council			
Temporary Assistance to Needy Families	FY-02-03	93.558 *	68,632
Temporary Assistance to Needy Families	FY-03-04	93.558 *	62,311
			<u>130,943</u>
U. S. Department of Labor			
Michigan Works			
Passed through Oakland County Private Industry Council			
Reed Act	FY-02-03	17 *	171,343
Reed Act	FY-03-04	17 *	207,198
Employment Services	FY-03-04	17.207 *	291,179
Welfare-to-Work Grants to States and Localities	FY-02-03	17.253 *	140,237
Workforce Investment Act - Adult Program	FY-03-04	17.258 *	288,939
Workforce Investment Act - Youth Activities	FY-03-04	17.259 *	118,256
Workforce Investment Act - Dislocated Workers	FY-03-04	17.260 *	311,218
Total U. S. Department of Labor			<u>1,528,370</u>
Department of Homeland Security			
Passed through Michigan Department of State Police			
Emergency Management Performance Grant	FEMA-EMPG	97.042	31,178
State Domestic Preparedness Equipment Support Program		97.004	4,328
State and Local Homeland Security Exercise Support		97.006	10,245
State and Local Homeland Security Exercise Training		97.005	1,411
Public Assistance Grant		97.036	97,391
State and Local All Hazards Emergency Operations Planning		97.510	19,594
Total Federal Emergency Management Agency			<u>164,147</u>
U. S. Department of Justice			
Local Law Enforcement Block Grant - 2002	2002-LB-BX-3056	16.592	64,498
Local Law Enforcement Block Grant - 2003	2003-LB-BX-0851	16.592	134,873
Local Law Enforcement Block Grant - 2004	2004-LB-BX-0087	16.592	73,936
Public Safety Partnership and Community Policing Grants	2003-OM-WX-0219	16.710	71,789
Passed through Michigan Department of Community Health Byrne Formula Grant	2004-1274	16.579	27,386
Total U.S. Department of Justice			<u>372,482</u>
U. S. Environmental Protection Agency			
Passed through State of Michigan Department of Treasury State Revolving Fund		66.458	(2,670)
Total federal financial assistance			<u>\$ 4,435,436</u>

* Denotes major program.

City of Southfield
Notes to Schedule of Expenditures of Federal Awards
June 30, 2004

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not
considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial
statements noted?

_____ yes X no

Federal Awards

Internal control over major programs?

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not
considered to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on
compliance for major programs

Unqualified

Any audit findings disclosed that are

required to be reported in accordance
with Circular A-133, Section .510(a)7

_____ yes X no

Dollar threshold used to distinguish
between Type A and Type B programs

 \$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

Identification of major programs

CFDA Number(s)

Name of Federal Program or Cluster

14.218

Community Development Block Grants

14.871

Section 8 Housing Choice Vouchers Program

93.558, 17.207, 17.253,

17.258, 17.259, 17.260 (1)

Temporary Assistance to Needy Families, Reed Act,
Employment Services, Welfare-to-Work Grants to States
and Localities, Workforce Investment Acts - Adult, Youth
and Dislocated Workers

(1) Cluster

City of Southfield
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Section II – Federal Award Findings and Questioned Costs

Current-Year Finding

None

Prior-Year Finding

None.